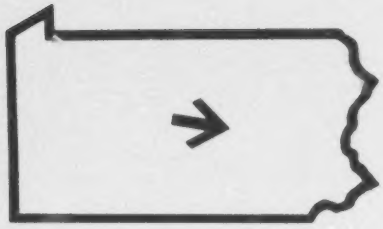


Recession Winding Down

Pennsylvania's economy stayed on its downward course in September, but signs that the recession is winding down in the state were evident.

The employment situation in Pennsylvania continued to deteriorate. The unemployment rate for the state in September at a seasonally adjusted 11.2 percent was the highest in the more than 11 years for which there is comparable data.

Unemployment in Pennsylvania increased by approximately 26,000 persons while another 100,000 Pennsylvanians left the work force. Most of the decline in the civilian labor force was a result of normal seasonal shrinkage at the start of the school year, but there was also a substantial number of discouraged workers leaving the work force.

Furthermore, initial claims for unemployment compensation, after seasonal adjustment, were at their highest level ever in the state, and total employment was back down to July's level after August's unseasonal increase.

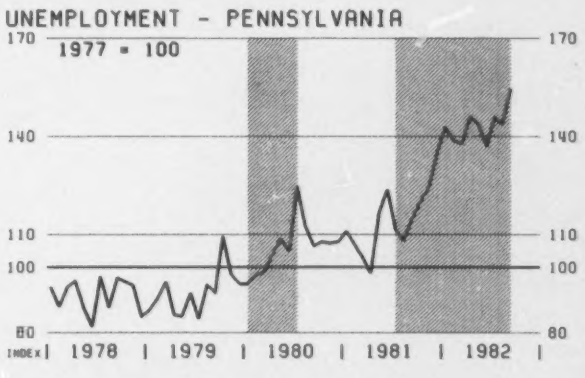
Although Pennsylvania's employment figures are traditionally prone to considerable month-to-month variation, there is no doubt that those for September indicate a worsening of employment conditions in the state.

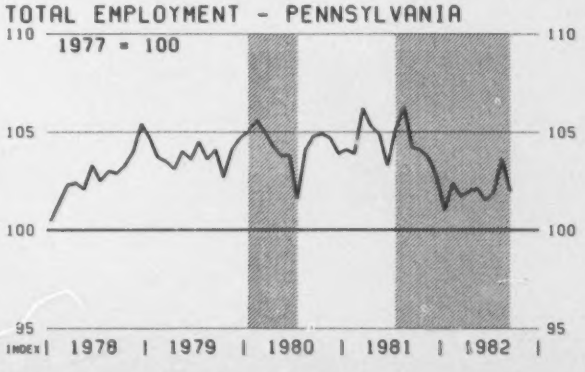
Nevertheless, there were signs that the downward drift of the state's economy slowed in September. The number of wage and salaried jobs in manufacturing industries fell by only 3,900 jobs. This compares to an average monthly job loss of 17,600 factory jobs between September of last year and July of this year. An increase of 5,400 jobs was seen in August 1982. In addition, the number of wage and salaried jobs in nonmanufacturing industries increased by 16,700 jobs in September.

The biggest slowdown in the manufacturing job loss came from the durable goods industries in which the job level had been plummeting by a little over 13,000 jobs a month for the past year. In September, this industry group lost less than 1,000 jobs. The slowdown may be an indication that the state has lost just about all the durable goods manufacturing jobs that it will. Durable goods industries have been in the process of eliminating excess capacity. The remaining plants in operation are the more efficient ones and therefore may not be lost in the current contraction.

The steel industry is a case in point. Although employment and average weekly hours worked by production workers in the primary metals industry group declined, steel production in the state increased in September. This indicates advances in labor productivity — more output from less total person-hours worked — with the use of more efficient production technologies.

September's seasonally adjusted increase in steel production was the first in 14 months and occurred despite a continuing decline in total steel production in the United States. As a result, Pennsylvania's share of national steel production increased to 13.3 percent in September from 12.1 percent in August but was still far below the average of 20 percent in 1981.





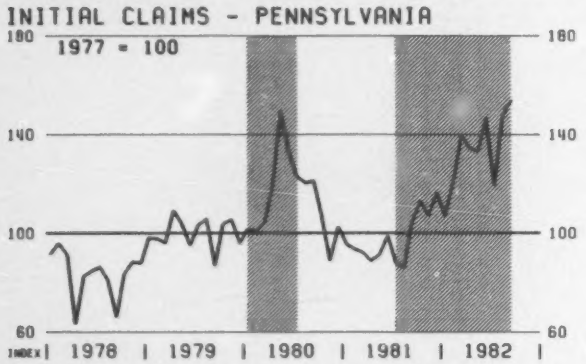
PENNSYLVANIA BUSINESS SURVEY

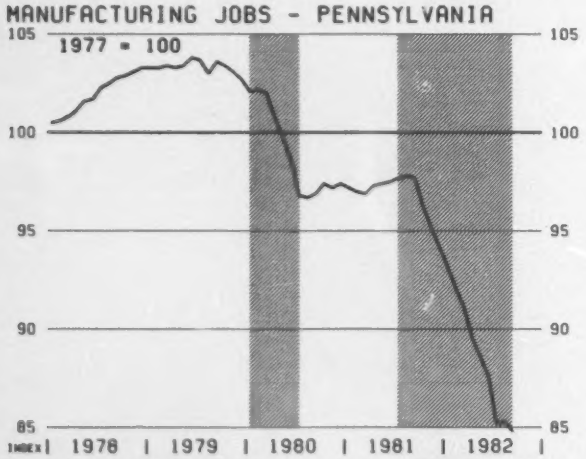
College of Business Administration The Pennsylvania State University **November 1982**

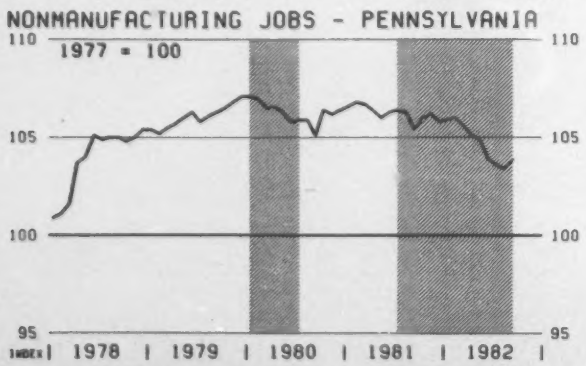
The largest job gains in Pennsylvania's nonmanufacturing sector in September were seen in transportation and state and local government. Normal seasonal increases were experienced in retail trade, services, and federal government positions. All other nonmanufacturing industries saw job losses; contract construction jobs, after seasonal adjustment, were at their lowest level since May 1964, and mining jobs were at their lowest non-strike level since November 1973.

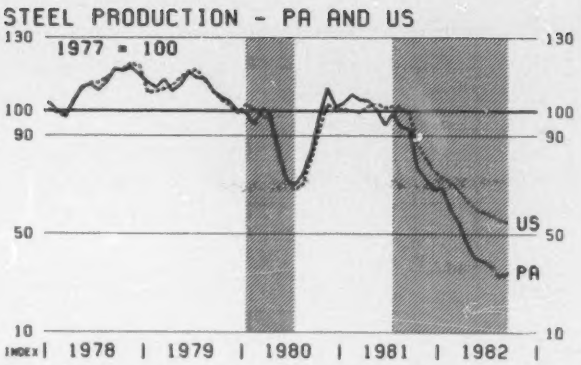
Nevertheless, activity in these two sectors picked up in September. The value of construction contracts awarded rose from August's level. The seasonally adjusted index for this measure was 150 (1977 = 100) in September, up from 118 a month earlier and 148 a year ago. However, the value of total awards for the first three quarters of 1982 trailed that of the first three quarters of 1981 by almost $300 million and, after adjusting for inflation, was only 67.4 percent of that of the first three quarters of 1978, a peak year for the industry.

September's increase came mostly in awards for utilities and public works. Nonresidential building awards also rose









in dollar terms, but the value of residential building awards declined.

The volume of anthracite coal mined in Pennsylvania increased for the second consecutive month in September. The mining of bituminous coal also picked up in August but fell back somewhat in September. Nevertheless, production was still above July's level, which was the lowest non-strike level since July 1972.

October's unemployment rate of 11.5 percent, released by the Department of Labor early this month, showed further deterioration in employment conditions in the state. This trend may continue in the next few months. Average weekly hours worked by production workers in manufacturing industries declined again in September. This measure usually picks up before employment levels because managers normally increase hours of workers remaining on the job before hiring back laid-off personnel.

However, we may look for improving conditions by second quarter next year. At least, we should not see any more of the steep drops in employment that we have been seeing over the past year.

The Nation

Recession has not yet released its grip on the nation's economy. However, scattered signs have appeared that suggest that the long-awaited recovery may be at hand and may have already begun in some parts of the economy. But, the decline in manufacturing is still not over.

Factory production fell in September for the twelfth time in 14 months, hitting the lowest level in more than five years. The 0.6 percent decline in output was the biggest drop since last spring. More than 30 percent of the nation's manufacturing capacity sat idle in September. Furthermore, the meager 0.2 percent rise in factory orders for durable goods in September suggests that U.S. industrial production will remain weak for some time.

But, positive groundwork was laid in areas such as inflation and interest rates. In September, consumer prices rose a modest, seasonally adjusted 0.2 percent on average in the nation's cities while Pennsylvania's cities recorded even lower increases. Largely because of plentiful crops and an overabundance of oil, consumer prices for the first nine months of this year rose at a 4.8 percent adjusted annual rate, less than half the 10.1 percent pace for the first nine months of 1981. However, most of the slowing in prices is recession-related, reflecting weaknesses in demand for the country's goods and services.

At the same time, interest rates, which have been the biggest roadblock to recovery, have also continued to come

down. The lower rates are largely responsible for the recent pickup in the construction industry. Housing starts rose an adjusted 14.4 percent in September.

In addition, consumers, who are supposed to lead the economy out of the recession, increased their spending in September by 1 percent — the third substantial increase in a row. However, personal income increased only 0.3 percent, and the wage and salaries component declined slightly. Economists generally agree that until there are substantial increases in this component, consumers are going to be leery about increasing their spending further.

— Norma Gavin Pappas

ECONOMIC ACTIVITY IN PENNSYLVANIA	1982 August	1982 Sept	1981 Sept	Seasonally Adjusted Indexes (1977 = 100.) 1982 August	1982 Sept	1981 Sept
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)	4,486*	4,503	4,746	97.8	98.1	102.9
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,336*	3,352	3,402	103.4*	103.9	105.4
Manufacturing						
No. of wage and salaried jobs (thous.)	1,148*	1,144	1,319	85.3*	84.8	97.7
Ave. wkly. hrs. worked by prod. workers	38.2	37.9	39.2	97.2	95.7	98.9
Total wkly. person-hours worked (mils.)	29.8*	29.5	36.6	78.4*	76.2	94.6
Total wkly. payroll (mil. dols.)	257.1	255.6	309.9	115.0	112.6	136.6
Steel production (thous. tons)	670	703	1,889	33	34	92
Industrial electric power sales (mil. kwh)	3,212	3,197	3,908	85	85	104
Mining						
Anthracite coal (thous. net tons)	505	476	417	94	104	90
Bituminous coal (thous. net tons)	6,077	5,924	8,080	80	78	105
Construction contracts awarded (mil. dols.)						
Total	412.9	432.5	463.1*	118	150	148*
Residential building	193.4	134.4	158.4*	97	65	78*
Other building	163.9	160.6	235.8*	142	159	229*
Nonbuilding (utilities and public works)	55.5	137.6	68.9*	86	277	133*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,018	4,892	4,997	103.6	102.0	104.2
Unemployed						
No. of persons (thous.)	575	601	448	143.7	154.4	114.9
Rate (percentage of labor force)	10.3	10.9	8.2	—	—	—
Rate, seasonally adjusted	10.4	11.2	8.4	—	—	—
Civilian labor force, no. of persons (thous.)	5,593	5,493	5,444	106.7	106.0	105.0

Consumer Prices, all items	Urban Indexes (1967 = 100.) 1982 August	1982 Sept	1981 Sept	Percentage Change Month Ago	Year Ago
U.S. city average	292.8	293.3	279.3	+0.2	+5.0
Philadelphia	281.3	283.0	274.4	+0.6	+3.1
Pittsburgh	291.4	n.a.	277.7†	n.a.	+4.9
Northeast PA	n.a.	276.0	271.5	n.a.	+1.7

Notes: Data on employment have been revised to first quarter 1981 benchmarks.
* = Figure revised † = Figure for August 1981 n.a. = Data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Changes in The Survey

Bank Debits — The Center for Research no longer collects data on debits to demand deposits in commercial banks for Pennsylvania and the state's major metropolitan areas. The decision to drop these series was made because of the recent merger activity among the banks in our sample and the resulting changes in their record-keeping procedures. Several of the newly merged banks, now spanning more than one major metropolitan area, had told us that, because they have changed their data processing and reporting systems, separate bank debit figures for each area were no longer available. The distribution of demand deposits in the different metropolitan areas was also needed to compute the statewide figure.

Consumer Prices — The all urban consumer price index will still be reported monthly, but in a different form. Indexes for all U.S. cities and Philadelphia will be shown for the current month, the preceding month, and the same month a year ago. Percentage changes in the current index from a month earlier and a year earlier will also be shown. Consumer prices are collected in Pittsburgh and Northeast, Pennsylvania in alternating months. The most current index figure, the year ago figure, and the percentage change from a year ago will be shown for these cities also. These figures can be found at the bottom of the *Economic Activity* table.

Industrial Production — The index of industrial production put out by the Federal Reserve Board will no longer be shown in a separate figure. However, we will continue to report on U.S. industrial output in the section describing economic conditions in the nation.

Value of Construction Contracts Awarded — For the state, the series on the value of construction contracts awarded will continue to be reported as in the past. However, starting in this issue, for the major metropolitan areas, we will show the total quarterly value of awards for residential buildings and for nonresidential buildings and the percentage change in these values from a quarter earlier and the same quarter a year earlier.

Around the State

Economic conditions were generally bad in the metropolitan areas of the state last quarter. What little good news existed was concentrated in the eastern half of the state. Employment was generally up from a quarter earlier and unemployment was down somewhat in the eastern metropolitan counties. However, the job level declined in most areas and consistently in the manufacturing industries. In the western metropolitan counties, all indicators showed worsening conditions with few exceptions.

Southeastern Quarter

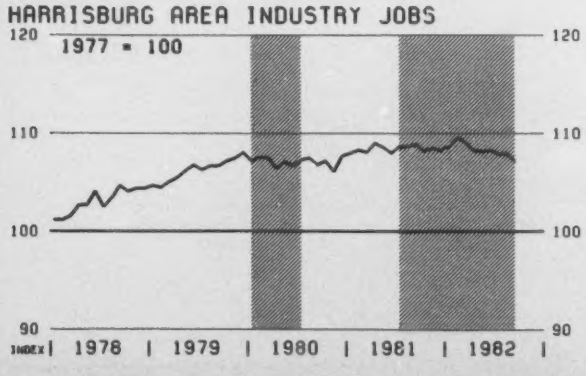
Harrisburg

The Harrisburg area economy continued to defy the recession last quarter. While indicators show industrial activity to have declined somewhat, the employment situation remained strong.

Sales of electricity to industrial users were down substantially in the Harrisburg area from both a quarter earlier and a year earlier. Because a major portion of electric energy is used for operating machinery for production, changes in industrial usage of electrical power reflect short-run adjustments in output. Thus, this measure shows industrial production to have slowed in the area last quarter.

At the same time, however, total employment increased to its highest level ever. The seasonally adjusted index for this measure increased to 116 (1977 = 100) last quarter, up from 114 where it stood second quarter of this year, as well as third quarter last year. Unemployment also rose last quarter, but the average monthly seasonally adjusted unemployment rate at 6.1 percent was still well below its peak of 7.0 percent, which it reached in the first quarter of this year.

The level of manufacturing jobs and average weekly hours worked by production workers in manufacturing industries in the Harrisburg area remained steady through early fall. However, because the usual seasonal increase in factory jobs did not occur, the seasonally adjusted index for this measure declined. The level of nonmanufacturing jobs was essentially unchanged after seasonal adjustment.



HARRISBURG AREA[1]

	Ave. mo. value 3 Q.'82	Average monthly index seas. adj. (1977 = 100) 3 Q.'82	2 Q.'82	3 Q.'81
Employment *(in thousands)*				
Employed, no. of residents	230.1	116	114	114
Unemployed, no. of residents	14.8	123	120	116
Civilian labor force, no. of residents	244.9	116	114	114
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	225.2	108	108	109
Nonmfg. only, no. of jobs	184.6	110	110	110
Mfg. only, no. of jobs	40.6	100	102	105
Hrs. worked by production workers in mfg., *ave. weekly*	38.6	98	98	100
Industrial electric power sales	***	84	91	113

Construction contracts awarded *(in millions of dollars)*	Total 3Q.'82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	15.9	− 5.9	− 3.1
Nonresidential bldg. contracts only	11.8	+12.4	−47.3

[1]Cumberland, Dauphin and Perry Counties

The value of construction contracts awarded was down last quarter from a quarter earlier for residential buildings but was up for nonresidential buildings. However, the value of nonresidential contracts was almost half what it was a year ago, and the year-to-date total is less than a third of the total for the first three quarters last year. On the other hand, the value of residential contracts in the first three quarters of this year have kept pace with last year's level.

Lancaster

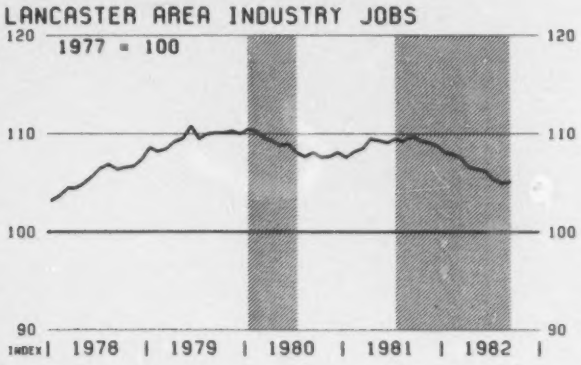
While the economy of the Lancaster area was sluggish in the third quarter, it remained strong, and recession damage was kept to a minimum compared to other areas of the state.

Total nonfarm industry jobs declined for the fourth consecutive quarter. Declines were seen in the number of wage and salaried jobs in both manufacturing and nonmanufacturing industries. However, the drop in factory jobs was only as much as the normal seasonal drop. Thus, the seasonally adjusted index for this measure was unchanged from a quarter earlier. Average weekly hours worked by factory workers was also unchanged after seasonal adjustment.

Industrial electric power sales — an indicator of short-run changes in industrial output — fell last quarter from a quarter earlier and was substantially below last year's third quarter peak.

On the positive side, unemployment in the area fell for the second consecutive quarter. The average monthly seasonally adjusted unemployment rate in the third quarter was 7.0 percent, down from 7.9 percent in the first quarter of this year. In addition, total employment rose by 3,600 workers last quarter from a quarter earlier but was still 1.2 percent below its peak level of 177,700 workers reached in the third quarter of last year.

Finally, the value of construction contracts awarded for residential buildings in the third quarter was down from a year ago, but the value of awards for nonresidential buildings was up. Furthermore, while the year-to-date total for residential buildings has lagged the total for the first three quarters of last year, that for nonresidential buildings has kept pace with last year's three-quarter total.



LANCASTER AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	175.5	111	110	112
Unemployed, no. of residents	13.0	156	164	113
Civilian labor force, no. of residents	188.5	113	112	112
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	148.7	105	106	110
Nonmfg. only, no. of jobs	93.2	110	112	112
Mfg. only, no. of jobs	55.5	98	98	106
Hrs. worked by production workers in mfg., *ave. weekly*	38.1	97	97	98
Industrial electric power sales	***	98	99	106

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	17.6	+ 4.1	−21.1
Nonresidential bldg. contracts only	9.5	−55.8	+86.3

[1]Lancaster County

Philadelphia

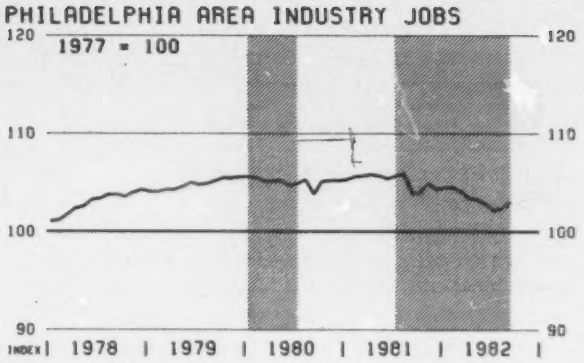
Although the economy of the Philadelphia metropolitan area remained relatively strong in the third quarter, the effects of the recession were still evident in the manufacturing sector.

Both average weekly hours worked by production workers in the area's factories and the number of factory jobs in the area fell last quarter, continuing their steady decline since third quarter last year.

Other sectors of the economy were able to hold their own. The job level in the area's nonmanufacturing industries, after seasonal adjustment, was essentially unchanged last quarter from a quarter earlier.

Sales of electricity to industrial users in the metropolitan area were also unchanged after seasonal adjustment. However, sales declined from second quarter in the cities of Philadelphia and Chester.

Construction projects in the metropolitan area increased in value last quarter but were still affected by the sluggish



PHILADELPHIA AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	2,021.7	107	106	108
Unemployed, no. of residents	183.4	100	106	92
Civilian labor force, no. of residents	2,205.1	107	106	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	1,878.2	102	103	105
Nonmfg. only, no. of jobs	1,478.0	107	107	108
Mfg. only, no. of jobs	396.6	89	91	97
Hrs. worked by production workers in mfg., *ave. weekly*	38.4	97	98	100
Industrial electric power sales				
Metropolitan area	***	94	94	100
Chester	***	89	97	102
Philadelphia	***	94	96	99

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	190.9	+26.0	+ 1.2
Nonresidential bldg. contracts only	205.1	+21.8	−33.9

[1]Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

economy. The value of construction contracts awarded in both residential and nonresidential buildings in the first three quarters of this year trailed those of the first three quarters last year.

Favorable news came from the employment data. Employment increased and unemployment declined in the area for the second consecutive quarter. Employment rose to over 2 million after having dipped below this level in the first two quarters of this year but was still short of the peak level a year ago. At the same time, the area's average monthly seasonally adjusted unemployment rate fell to 8.0 percent from 9.1 percent in this year's first quarter.

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Norma Gavin Pappas, Editor
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Nelson J. Lacey, Graduate Assistant

Reading

Last quarter the economy of the Reading metropolitan area lost the gains of a quarter earlier. The seasonally adjusted number of manufacturing jobs, average weekly hours worked in manufacturing industries, and industrial electric power sales all fell last quarter after having risen the quarter earlier.

The seasonally adjusted index for the number of wage and salaried jobs in manufacturing industries fell to 99 (1977 = 100) last quarter from 102 in the second quarter. First quarter this year, the measure stood at 101. Last quarter's level is the lowest since third quarter 1976.

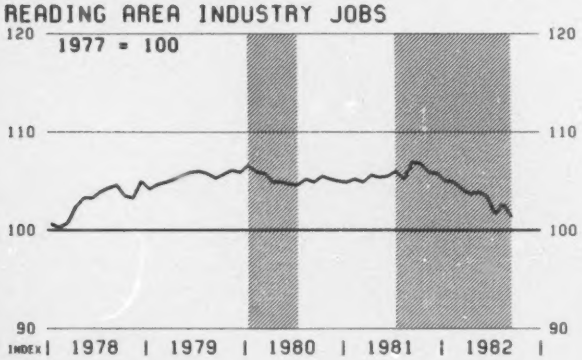
Average weekly hours worked by production workers in manufacturing industries fell to 37.6 hours from 38.3 hours in the second quarter and 38.2 hours in the first quarter. This drop was particularly disappointing because increases in this measure usually precede, and therefore herald, increases in the job level.

The most dramatic reversal was in the sales of electricity to industrial users. The seasonally adjusted index for this indicator fell to 95 (1977 = 100) last quarter from 110 second quarter. Second quarter's level had represented an increase from first quarter's level of 102.

The number of nonmanufacturing jobs in the area also declined last quarter, and the value of construction contracts awarded, although up for residential buildings from a quarter earlier, was down for nonresidential buildings. Both measures of construction activity were down from figures a year earlier.

Nevertheless, total employment increased and unemployment declined in the Reading area for the second consecutive quarter. The average monthly seasonally adjusted unemployment rate was down to 9.2 percent last quarter from 10.0 percent in the first quarter of this year.

READING AREA INDUSTRY JOBS



READING AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	145.3	108	107	110
Unemployed, no. of residents	14.6	163	165	136
Civilian labor force, no. of residents	159.9	112	111	112
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	133.3	102	104	106
Nonmfg. only, no. of jobs	82.9	104	105	106
Mfg. only, no. of jobs	50.3	99	102	106
Hrs. worked by production workers in mfg., *ave. weekly*	37.6	96	98	100
Industrial electric power sales	***	95	110	111

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.2	+13.6	−28.7
Nonresidential bldg. contracts only	3.9	−62.9	−67.2

[1]Berks County

York

The recession continued to dampen industrial activity in the York metropolitan area last quarter, but signs of a recovery were beginning to appear.

The level of total nonagricultural industry jobs fell again in the July-September quarter, reaching its lowest level since first quarter 1978. Last quarter was the fourth consecutive quarter in which the number of wage and salaried jobs in the area's manufacturing industries declined. The number of jobs in nonmanufacturing industries also declined slightly last quarter after having remained pretty much stable since the beginning of the 1980 recession.

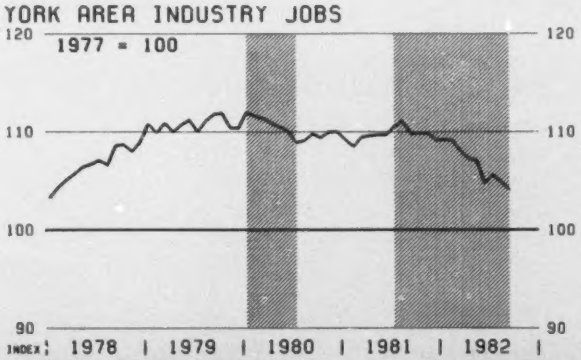
Sales of electricity to industrial users in the York area fell last quarter, indicating a lower level of total industrial output. The seasonally adjusted index for this measure was at its lowest level since third quarter 1975, declining to 88 (1977 = 100) from 90 a quarter earlier and 106 a year ago.

Good news came from average weekly hours worked by production workers in manufacturing industries in the area. This indicator rose last quarter for both durable and nondurable goods-producing firms. If these increases are persistent in the coming months, they may herald in increases in employment.

Total employment in the York area did increase last quarter after having declined in the first two quarters of the year. However, unemployment also increased, reaching its highest postwar level. The average monthly seasonally adjusted unemployment level was 11.1 percent, up from 11.0 percent a quarter earlier and 7.5 percent a year earlier.

A considerable pickup in the area's construction industry was seen in the value of construction contracts awarded. Total awards were up from a quarter earlier for both residential and nonresidential buildings. Furthermore, while the year-to-date figure trailed that of the first three quarters last year for nonresidential buildings, the year-to-date figure for residential buildings was ahead of last year's figure.

YORK AREA INDUSTRY JOBS



YORK AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	164.5	111	110	114
Unemployed, no. of residents	20.7	204	201	136
Civilian labor force, no. of residents	185.2	117	116	115
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	148.6	105	106	110
Nonmfg. only, no. of jobs	89.3	109	110	110
Mfg. only, no. of jobs	59.4	100	102	110
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	98	96	100
Industrial electric power sales	***	88	90	106

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	29.6	+93.5	+96.0
Nonresidential bldg. contracts only	13.3	+58.3	−32.8

[1]Adams and York counties

Northeastern Quarter

Allentown-Bethlehem-Easton

While the manufacturing sector in the Allentown-Bethlehem-Easton area had another bad quarter, most other sectors of the area's economy were holding their own last quarter.

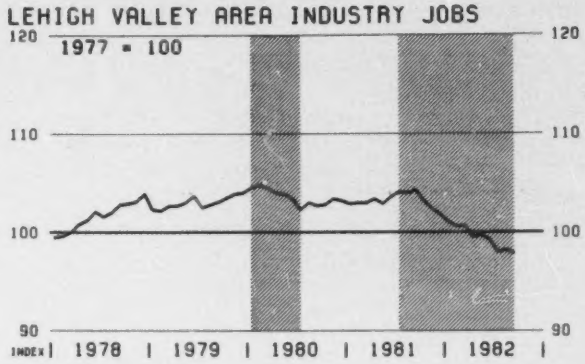
The number of wage and salaried jobs in manufacturing industries was down 5.5 percent from a quarter earlier while average weekly hours worked by production workers in these industries was unchanged after seasonal adjustment. This sector of the area's economy has been declining since the beginning of the 1980 recession; few factory jobs were regained between the 1980 and 1981-82 recessions. More than 16 percent of the total number of manufacturing jobs in Lehigh valley have been lost since first quarter 1981, and many of the workers still employed are working reduced hours.

The measure of industrial electric power sales shows that within the area most of the slowing in industrial activity last quarter occurred in Bethlehem. The seasonally adjusted index for this measure fell sharply in Bethlehem, declined only slightly in Allentown, and was unchanged in Easton.

The job level in the nonmanufacturing sector of the Lehigh valley area economy has been relatively stable. The total number of wage and salaried jobs in this sector fell slightly last quarter, but not as much as expected at that time of year. Therefore, the seasonally adjusted index rose a point.

There was little change in the value of construction contract awards for residential buildings from a month earlier and a year ago, but the total year-to-date value of these contracts was substantially below that of the first three quarters last year. The value of construction contracts for nonresidential buildings was also down considerably from a year ago.

As a whole, the area's economy was basically stable last quarter from a quarter earlier. Unemployment increased slightly but, after seasonal adjustment, was essentially unchanged. Total employment also increased slightly. However, it was still 10,500 workers short of the level a year earlier.



LEHIGH VALLEY AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	281.8	103	102	107
Unemployed, no. of residents	33.3	157	158	114
Civilian labor force, no. of residents	315.1	107	106	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	250.9	98	100	104
Nonmfg. only, no. of jobs	158.0	107	106	108
Mfg. only, no. of jobs	91.9	85	90	98
Hrs. worked by production workers in mfg., *ave. weekly*	37.8	99	99	101
Industrial electric power sales				
Metropolitan area	***	96	102	108
Allentown	***	95	96	97
Bethlehem	***	96	105	116
Easton	***	108	108	114

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	27.3	+ 2.6	− 0.4
Nonresidential bldg. contracts only	19.7	−33.4	−63.1

[1]Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.

Northeast Area

Our indicators show that the Northeast metropolitan area was still in the grips of recession last quarter, but the area's economy may be bottoming out as many of the indicators maintained levels of a quarter earlier.

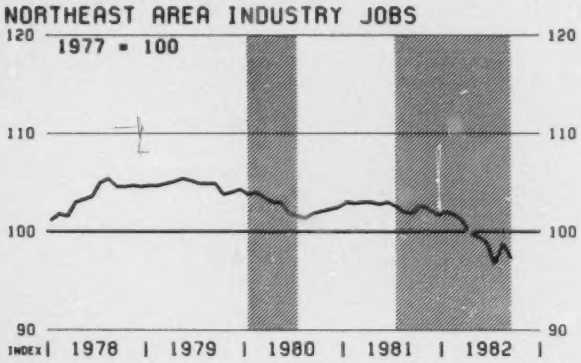
The number of wage and salaried jobs in the area's nonfarm industries was down to its lowest level since third quarter 1975. Last quarter's drop came solely from the manufacturing sector, where the level of factory jobs declined for the fourth consecutive quarter. The seasonally adjusted index for this measure fell to 86 (1977 = 100) from 91 a quarter earlier and 97 a year ago.

However, no further drops in the average hours worked by production workers in these factories were experienced last quarter. The seasonally adjusted index for this measure was unchanged from a quarter earlier.

At the same time, although the level of jobs in the area's nonmanufacturing industries was slightly below the level of a year ago, it was unchanged from a quarter earlier.

But, industrial output, as measured by sales of electricity to industrial users, declined for the fourth consecutive quarter. Seasonally adjusted sales were down in the cities of Hazleton and Wilkes-Barre while, in the Scranton area, they were unchanged from a quarter earlier.

On the positive side, total employment was up slightly last quarter in both Lackawanna and Luzerne counties and in the metropolitan area as a whole. Furthermore, although unemployment also rose slightly, the increase was less than the normal seasonal increase, and therefore the seasonally adjusted index for unemployment fell. The average monthly seasonally adjusted unemployment rate for the metropolitan area was down to 10.6 percent from 11.6 percent a quarter earlier and up from 9.5 percent a year earlier.



NORTHEAST AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	259.4	104	103	106
Lackawanna County[2] only	92.3	100	100	102
Luzerne County[3] only.....	139.0	103	102	105
Unemployed, no. of residents				
Northeast metropolitan area	30.5	114	126	102
Lackawanna County[2] only	9.7	101	125	89
Luzerne County[3] only.....	17.9	121	122	111
Civilian labor force, no. of residents				
Northeast metropolitan area	289.9	105	105	105
Lackawanna County[2] only	102.0	100	102	100
Luzerne County[3] only.....	156.8	105	104	105
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	230.0	98	99	102
Nonmfg. only, no. of jobs	168.6	103	103	104
Mfg. only, no. of jobs	61.1	86	91	97
Hrs. worked by production workers in mfg., *ave. weekly* ...	36.9	102	102	102
Industrial electric power sales				
Northeast metropolitan area	***	95	98	102
Lackawanna County[2] only	***	96	96	100
Luzerne County[3] only.....	***	90	95	102
Hazleton	***	86	90	94
Wilkes-Barre	***	86	92	103

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only.....	15.9	– 22.1	–20.1
Nonresidential bldg. contracts only .	48.2	+423.9	+51.6

[1]Lackawanna, Luzerne and Monroe counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

In addition, while the value of contracts awarded for residential construction projects was down from a quarter ago and a year ago, that for nonresidential construction projects was up substantially. The value of all nonresidential awards in the first three quarters of this year was almost a third larger than last year's figure.

Williamsport

While the manufacturing sector in the Williamsport area continued to decline, the other sectors of the economy were holding their own.

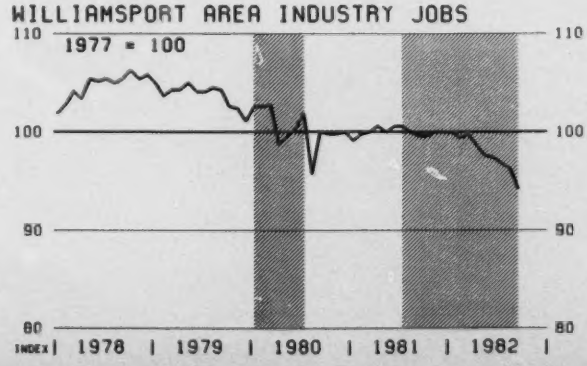
The level of nonfarm industry jobs was down to its lowest level since second quarter 1976. Another 1,100 factory jobs were lost, bringing the seasonally adjusted index for this measure down to 82 (1977 = 100) from 88 a quarter earlier. At the same time, however, the number of nonmanufacturing jobs in the Williamsport area was unchanged last quarter from a quarter earlier.

Sales of electricity to industrial users, a measure of short-run changes in industrial production, declined last quarter. The seasonally adjusted index for this indicator was at its lowest level since the end of the 1973-75 recession.

On a more positive note, average weekly hours worked by production workers in manufacturing industries of both durable and nondurable goods rose slightly from a quarter earlier. Increases in this measure usually precede increases in employment.

Total employment in the Williamsport area did increase last quarter, but the increase was less than the normal seasonal rise. Thus, the seasonally adjusted index fell. In addition, the normal seasonal increase in the number of jobless workers did not occur last quarter, and therefore its index also declined. The average monthly seasonally adjusted unemployment rate in the area fell to 11.6 percent down from 12.1 percent, where it stood in both the second quarter of this year and third quarter last year.

The construction industry picked up a bit last quarter. The value of construction contracts awarded for both residential and nonresidential buildings in the Williamsport area was up from levels a quarter ago. However, in the first three quarters of this year, the value of residential awards trailed that of last year by almost 45 percent. The year-to-date figure for nonresidential awards was ahead of the figure for the first three quarters of last year.



WILLIAMSPORT AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	47.1	101	102	104
Unemployed, no. of residents	6.0	133	139	142
Civilian labor force, no. of residents	53.1	104	105	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	44.5	96	98	100
Nonmfg. only, no. of jobs	29.9	106	106	108
Mfg. only, no. of jobs	14.6	82	88	90
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	102	101	101
Industrial electric power sales	***	91	93	96

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	2.0	+66.7	−20.0
Nonresidential bldg. contracts only	5.9	†	+883.3

[1]Lycoming County

†No Contracts Awarded

Northwestern Quarter

Erie

The Erie economy still felt the effects of the recession last quarter, but further deterioration in economic conditions appeared to be concentrated in the manufacturing sector.

The number of wage and salaried jobs in manufacturing industries declined last quarter to approximately 38,400 jobs. Except for during the General Electric strike in late 1969 and early 1970, the factory job level in the Erie metropolitan area has not been so low since second quarter 1964. In addition, workers remaining on the job, on average, worked fewer hours per week.

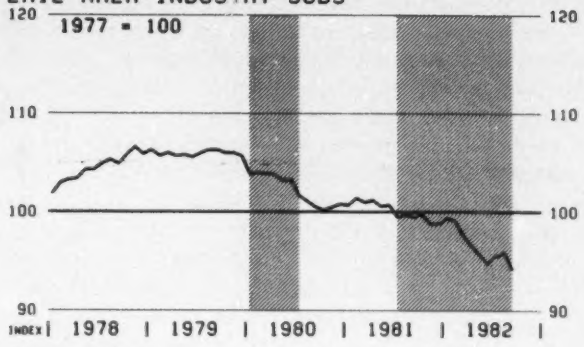
The job level in the area's nonmanufacturing industries declined last quarter, but the decline was less than the usual seasonal drop. Therefore, the seasonally adjusted index for this measure rose slightly.

Despite the job losses, sales of electricity to industrial users showed total industrial activity to have picked up somewhat. The seasonally adjusted index for this measure stood at 84 (1977 = 100) last quarter, up from second quarter's low of 82 but still substantially lower than last year's third quarter level of 108.

In addition, while the value of nonresidential construction contracts awarded was down, a considerable increase in the value of construction contracts awarded for residential buildings was seen in the third quarter. The total value of residential contracts awarded in the first three quarters of this year was above last year's in both nominal and real (inflation adjusted) terms.

Total employment in the area last quarter was also up from a quarter earlier but was not as high as the level a year earlier and was down 5.6 percent from the level that prevailed at the start of the 1980 recession. At the same time, unemployment in Erie was at its highest level since 1958.

ERIE AREA INDUSTRY JOBS



ERIE AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	111.9	101	99	103
Unemployed, no. of residents	15.0	166	161	136
Civilian labor force, no. of residents	126.9	106	104	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	105.3	95	96	100
Nonmfg. only, no. of jobs	66.8	99	98	102
Mfg. only, no. of jobs	38.4	90	92	96
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	96	97	100
Industrial electric power sales	***	84	82	108

Construction contracts awarded *(in millions of dollars)*	Total 3Q.82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	17.9	+175.4	+159.4
Nonresidential bldg. contracts only	4.7	− 25.4	− 77.9

[1]Erie County

Sharon

The recession continued to eat away at the economy of the Sharon metropolitan area last quarter.

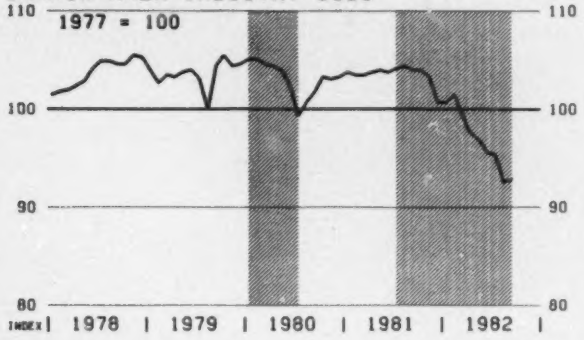
The number of wage and salaried jobs in nonagricultural industries declined for the fourth consecutive quarter. Over 10 percent of all nonfarm industry jobs have been lost since third quarter last year at the beginning of the current recession. Most of the job losses have been in the manufacturing sector. The factory job level last quarter was down 22 percent from the level a year ago. At the same time, the nonmanufacturing sector has not been immune. The level of jobs in these industries was down 4 percent from the level a year ago.

Industrial electric power sales also indicated a much reduced level of industrial activity since the previous year. The seasonally adjusted index for this measure was down to 86 (1977 = 100) last quarter from 89 the quarter earlier and 121 a year ago.

Total employment in the Sharon area was at its lowest level since first quarter 1977. However, because of previous lay-offs, the usual seasonal increase in unemployment did not occur, and therefore the seasonally adjusted index for this measure declined. The average monthly seasonally adjusted unemployment level was down to 15.2 percent from 16.1 percent a quarter earlier but was still far above last year's third quarter level of 8.9 percent.

The value of construction contracts awarded for both residential and nonresidential buildings dropped last quarter from a quarter earlier. Furthermore, although the total value of awards for nonresidential buildings in the first three quarters of this year was 31 percent ahead of the figure for last year, the value of awards for residential buildings in the first three quarters was less than half of last year's figure.

SHARON AREA INDUSTRY JOBS



SHARON AREA[1]

	Ave. mo. value 3 Q.'82	Average monthly index seas. adj. (1977 = 100) 3 Q.'82	2 Q.'82	3 Q.'81
Employment *(in thousands)*				
Employed, no. of residents	47.8	99	100	108
Unemployed, no. of residents	8.7	211	231	126
Civilian labor force, no. of residents	56.4	108	110	109
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	42.3	94	97	104
Nonmfg. only, no. of jobs	29.6	102	103	106
Mfg. only, no. of jobs	12.6	78	86	100
Industrial electric power sales	***	86	89	121

Construction contracts awarded *(in millions of dollars)*	Total 3Q.'82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	3.2	− 3.0	− 27.3
Nonresidential bldg. contracts only	3.8	−55.8	+111.1

[1]Mercer County

Southwestern Quarter

Altoona

The economy of the Altoona metropolitan area turned down again in the third quarter after having seemingly leveled off in the second quarter. Two measures of the inputs to production — sales of electricity to industrial users and the number of jobs in nonfarm industries — were down in the area, indicating a lower overall level of industrial production.

The seasonally adjusted index for industrial electric power sales stood at 79 (1977 = 100) last quarter, down from 86 a quarter earlier and 100 a year earlier. This measure has not been so low since fourth quarter 1970 at the end of the 1969-70 recession.

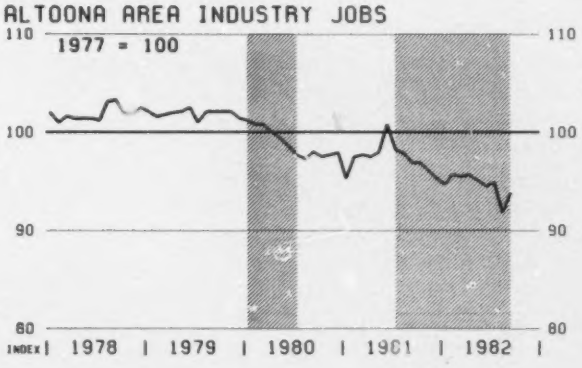
Declines in the number of wage and salaried jobs were experienced in both manufacturing and nonmanufacturing industries, with the largest drop seen in the nonmanufacturing sector. The level of jobs in nonfarm industries stood at approximately 48,400 jobs, 7.6 percent below the level that prevailed in the area for most of 1978 and 1979.

In addition, average weekly hours worked by production workers in durable goods-producing industries declined last quarter from a quarter earlier while that of workers in nondurable goods-producing industries was unchanged. For all manufacturing industries, this measure declined to 38.7 hours from 39.4 hours a quarter earlier.

Unemployment was up from a quarter earlier but was not as high as the level experienced a year ago. Total employment was also lower than that of a year ago but rose slightly from a quarter earlier. However, the increase was only as much as normally expected at that time of year, and therefore the seasonally adjusted index for this indicator was unchanged from second quarter.

The value of construction contracts for residential buildings awarded in the first three quarters of 1982 exceeded that of the first three quarters of 1981 in both current and constant dollars. However, the value of nonresidential building contracts was down from the year ago figure.

ALTOONA AREA INDUSTRY JOBS



ALTOONA AREA[1]

	Ave. mo. value 3 Q.'82	Average monthly index seas. adj. (1977 = 100) 3 Q.'82	2 Q.'82	3 Q.'81
Employment *(in thousands)*				
Employed, no. of residents	51.9	99	99	101
Unemployed, no. of residents	6.6	166	162	172
Civilian labor force, no. of residents	58.4	104	103	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	48.4	94	95	98
Nonmfg. only, no. of jobs	36.4	94	96	97
Mfg. only, no. of jobs	12.0	90	93	99
Hrs. worked by production workers in mfg., *ave. weekly*	38.7	102	103	101
Industrial electric power sales	***	79	86	100

Construction contracts awarded *(in millions of dollars)*	Total 3Q'82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	3.0	−69.7	−21.1
Nonresidential bldg. contracts only	7.6	+300.0	+26.7

[1]Blair County

Johnstown

Last quarter was Johnstown's worst quarter yet in this recession. Almost all of our indicators for the area's economy showed worsening conditions.

The number of wage and salaried jobs in both the manufacturing and nonmanufacturing sectors dropped from levels a quarter earlier. The area's factory job level continued its dramatic decline begun more than a decade ago. The seasonally adjusted index for this measure was 68 (1977 = 100) last quarter, down from 71 a quarter earlier and 80 a year earlier.

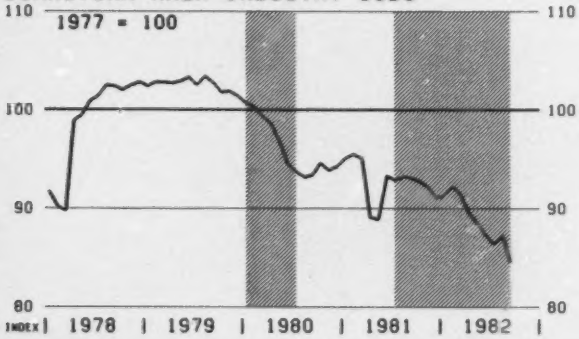
In addition, many production workers remaining on the job in the area's factories were working reduced hours. Average weekly hours in both durable and nondurable goods-producing industries fell last quarter. The average for all industries was 34.4 hours, the lowest average among the reporting metropolitan areas.

Industrial electric power sales also declined dramatically last quarter as Bethlehem Steel Corporation shut down its newly installed electric furnace. Nevertheless, sales did not drop below the third quarter level of last year, when the furnace was not yet in operation. This suggests that the level of production in other sectors of the economy was maintained in the interim.

Total employment in the Johnstown area was unchanged from a quarter earlier, but unemployment rose for the fourth consecutive quarter. The average monthly seasonally adjusted unemployment rate was 16.6 percent, up from 16.1 percent a quarter earlier and 11.7 percent a year ago.

The value of construction contracts awarded was down for residential buildings last quarter but was way up for nonresidential buildings. The total value of awards in the first three quarters has already exceeded the total for all of last year by 60 percent. However, the comparable figure for residential buildings was still trailing the figure for the first three quarters of last year.

JOHNSTOWN AREA INDUSTRY JOBS



JOHNSTOWN AREA[1]

	Ave. mo. value 3 Q. '82	Average monthly index seas. adj. (1977 = 100) 3 Q. '82	2 Q. '82	3 Q. '81
Employment *(in thousands)*				
Employed, no. of residents	90.1	92	92	97
Unemployed, no. of residents	17.4	166	160	117
Civilian labor force, no. of residents	107.6	99	98	99
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	76.9	86	88	93
Nonmfg. only, no. of jobs	62.2	93	95	98
Mfg. only, no. of jobs	14.5	68	71	80
Hrs. worked by production workers in mfg., *ave. weekly*	34.4	88	92	96
Industrial electric power sales	***	101	121	100

Construction contracts awarded *(in millions of dollars)*	Total 3Q. '82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	10.5	− 6.2	− 20.5
Nonresidential bldg. contracts only	14.8	+270.0	+196.0

[1]Cambria and Somerset counties

Pittsburgh

There was no good news on the Pittsburgh economy from our quarterly indicators last quarter. Unemployment soared past record levels; industry jobs fell to their lowest levels in over a decade; and total industrial production, as measured by industrial electric power sales, slowed markedly.

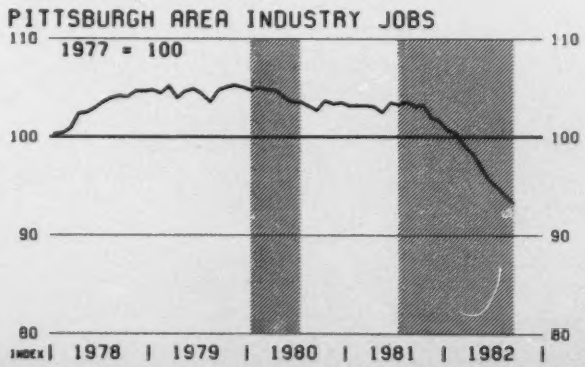
At the end of last quarter, unemployment in the Pittsburgh metropolitan area had reached 14.0 percent — nearly doubling the rate of a year ago. The average monthly seasonally adjusted unemployment rate for the third quarter was 13.2 percent, up from 11.7 percent in the second quarter and 7.1 percent in the third quarter last year. Total employment dropped for the fourth consecutive quarter after seasonal adjustment.

The number of wage and salaried jobs in nonfarm industries was at its lowest level since first quarter 1972. The drop in the job level was seen in both manufacturing and nonmanufacturing industries, with the manufacturing sector the hardest hit. Approximately 23 percent of all factory jobs in the area have been lost in the past year. In addition, average weekly hours worked by production workers in manufacturing industries fell to 37.4 hours last quarter, down from 40.5 hours a year ago.

The sales of electricity to industrial users also continued its sharp decline last quarter. Much of this decrease is the result of steel plant closings. The seasonally adjusted index for industrial electric power sales in the Pittsburgh area was down to 60 (1977 = 100) last quarter from 72 a quarter earlier and 109 third quarter last year.

Finally, the value of construction contracts awarded for both residential and nonresidential buildings were down from a quarter earlier. In addition, the year-to-date figure for these measures trailed those of the first three quarters last year.

PITTSBURGH AREA INDUSTRY JOBS



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PITTSBURGH AREA[1]

	Ave. mo. value 3 Q.'82	Average monthly index seas. adj. (1977 = 100) 3 Q.'82	2 Q.'82	3 Q.'81
Employment *(in thousands)*				
Employed, no. of residents	911.5	100	101	107
Unemployed, no. of residents	135.4	216	189	116
Civilian labor force, no. of residents	1,047.0	108	107	108
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	864.5	94	97	103
Nonmfg. only, no. of jobs	678.9	102	104	107
Mfg. only, no. of jobs	184.4	74	80	96
Hrs. worked by production workers in mfg., *ave. weekly*	37.4	92	94	100
Industrial electric power sales	***	60	72	109

Construction contracts awarded *(in millions of dollars)*	Total 3Q.'82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	66.2	−29.1	− 7.2
Nonresidential bldg. contracts only	89.4	−43.6	−38.0

[1]Allegheny, Beaver, Washington and Westmoreland counties

State College

Our statistical indicators for the State College metropolitan area were all down last quarter. Thus, the effects of the recession, which were minimal until the second quarter of this year, continued to prevail throughout the third quarter.

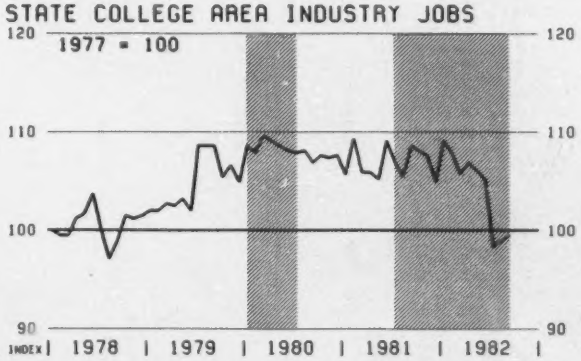
The total number of nonagricultural industry jobs in the area declined sharply last quarter from a quarter earlier. The decline came from both the manufacturing and nonmanufacturing sectors, with the largest drop — nearly 4,000 jobs — occurring in the nonmanufacturing sector. Some, but not all, of these job losses were from university or university-related employment and should be regained next quarter.

The seasonally adjusted index for industrial electric power sales, an indicator of short-run changes in industrial output, declined to its lowest level since third quarter 1975. Last quarter it stood at 85 (1977 = 100), down from 92 a quarter earlier and 104 a year ago.

Total employment in State College fell after having increased a quarter earlier, and unemployment rose. The average monthly seasonally adjusted unemployment rate in the area was up to 8.5 percent last quarter from 7.9 percent a quarter earlier and 6.4 percent a year earlier.

Finally, the value of construction contracts awarded for both residential and nonresidential buildings in the area were down from levels a quarter ago, as well as from those a year ago.

STATE COLLEGE AREA INDUSTRY JOBS



STATE COLLEGE AREA[1]

	Ave. mo. value 3 Q.'82	Average monthly index seas. adj. (1977 = 100) 3 Q.'82	2 Q.'82	3 Q.'81
Employment *(in thousands)*				
Employed, no. of residents	41.6	106	110	111
Unemployed, no. of residents	3.8	169	161	129
Civilian labor force, no. of residents	45.5	110	113	112
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage & salaried jobs	39.7	99	106	107
Nonmfg. only, no. of jobs	32.8	98	106	106
Mfg. only, no. of jobs	6.7	106	108	113
Industrial electric power sales	***	85	92	104

Construction contracts awarded *(in millions of dollars)*	Total 3Q.'82	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.8	− 6.5	− 6.5
Nonresidential bldg. contracts only	1.4	−58.8	−68.2

[1]Centre County